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## India

**Post:** New Delhi

### Cotton and Products Update February 2019

**Report Categories:**

Cotton and Products

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**Report Highlights:**

FAS Mumbai estimates marketing year (MY) 2018/19 production at 27.3 million 480-lb bales. The pace of cotton arrivals continues to lag behind last year. India prices are starting to fall, making it relatively cheaper in the international market. Mill consumption prospects remain positive with adequate support from various government agencies.

**Production:**

FAS Mumbai estimates marketing year (MY) 2018/19 production at 27.3 million 480-lb bales (35 million 170-kilogram bales/6 MMT), which is 300,000 480-lb bales higher than the official USDA estimate. Trade sources estimate Indian production even lower at around 25.7 million 480-lb bales (33 million 170-kilograms bales/5.6 MMT). FAS Mumbai does not anticipate the yields to reduce by 30 percent as stated by the industry, but the persistent drought like conditions and pest infestations will likely reduce the yields by around five percent from the previous year.

**Consumption:**

FAS Mumbai estimates MY 2018/19 at 25 million 480 lb. bales (32 million 170-kilogram bales/ 5.4 MMT), which is 200,000 480-lb bales higher than the official USDA estimate. Indian ex-gin prices continue to fall, making it relatively cheaper as compared to global prices. Yarn exports have continued to remain stable, which will likely drive mill consumption higher than last year. FAS Mumbai estimates mill consumption in MY 2018/19 to be four percent higher than last year. The Indian textile sector continues to request the Indian government to increase export incentives for cotton yarn and fabric to make it competitive in global markets.

**Trade:**

FAS Mumbai estimates MY 2018/19 exports at 4.4 million 480-lb bales (5.6 million 170-kilogram bales/958,000 MT), which is the 100,000 480 lb. bales lower than the official USDA estimate. As cotton prices have remained high for most of the season, the volume of exports has decreased. FAS Mumbai estimates MY 2018/19 imports at 1.6 million 480-lb bales (2 million 170-kg bales/348,000 MT), which is the same as the official USDA estimate. Imports are expected to pick up in the latter part of the season when domestic supplies are tight.

**Arrivals:**

On January 31, 2019, MY 2018/19 cotton arrivals, as reported by the Cotton Corporation of India (CCI), reached 12.7 million 480-lb. bales (16.3 million 170-kilogram bales/2.7 MMT). CCI reported arrivals constitute 45 percent of the total production estimate of the Cotton Advisory Board (CAB), while industry estimates of market arrivals are 3-7 percent higher than CCI figures. Monthly arrivals in January MY 2017/18 were 48 percent of the total CAB production estimate, and were nine percent higher than the current season. Indian farm gate prices in February have started to decrease as arrivals have picked up, but remain marginally over the minimum support price (MSP) in most of the states. CCI has been actively procuring cotton under the MSP program in the state of Telangana but the quantity procured remains low.

**Production, Supply and Demand Data Statistics :**

	<b>2016/2017</b>		<b>2017/2018</b>		<b>2018/2019</b>	
<b>Begin Market Year</b>	<b>August 2016</b>		<b>August 2017</b>		<b>August 2018</b>	
	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>
<b>Area Planted</b>	-	-	-	-	-	-
<b>Area Harvested (a)</b>	10,850	10,826	12,450	12,450	12,250	12,350
<b>Beginning Stocks</b>	7,044	7,044	7,880	7,860	9,225	9,337
<b>Production</b>	27,000	27,000	29,000	29,000	27,000	27,300
<b>Imports</b>	2,736	2,736	1,677	1,677	1,600	1,600
<b>MY U.S. Imports</b>	-	-	-	-	-	-
<b>Total Supply</b>	36,780	36,780	38,557	38,537	37,825	38,237
<b>Exports</b>	4,550	4,520	5,182	5,200	4,500	4,400
<b>Use</b>	24,350	24,400	24,150	24,000	24,800	25,000
<b>Loss</b>	-	-	-	-	-	-
<b>Total Dom. Cons.</b>	24,350	24,400	24,150	24,000	24,800	25,000
<b>Ending Stocks</b>	7,880	7,860	9,225	9,337	8,525	8,837
<b>Total Distribution</b>	36,780	36,780	38,557	38,537	37,825	38,237
<b>Stock to Use (b)</b>	27	27	31	32	29	30
<b>Yield (c)</b>	542	543	507	507	480	481
Figures in Thousand 480-lb Bales, Except Where Indicated: (a) Thousand Hectares, (b) Percent, (c) Kilograms/Hectares						